

## Message Text

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PAGE 01 CAIRO 02611 121412Z POSS DUPE  
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W  
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R 121237Z FEB 77  
FM AMEMBASSY CAIRO  
TO SECSTATE WASHDC 1668  
INFO AMEMBASSY DAMASCUS  
AMEMBASSY JIDDA  
AMEMBASSY KUWAIT

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EXDIS

E.O. 11652: NA  
TAGS: EINV ETRD EG  
SUBJ: FURTHER DISCUSSIONS BY FORD REPS. ON COMPANY'S  
PROPOSAL FOR EGYPT.

REF: (A) CAIRO 1082 (NOTAL) (B) CAIRO 1397 (C) CAIRO 2583

1. SUMMARY: TECHNICAL- LEVEL FORD MOTOR CO. REPS ARE NOW  
VISITING CAIRO FOR FURTHER DISCUSSION WITH GOE. DESPITE  
APPARENT LACK OF PREPARATION ON EGYPTIAN SIDE, SOME PROGRESS  
BEING MADE. NEW MEETING AT MINISTERIAL/FOR V.P. LEVEL  
PLANNED FOR MARCH 19. END SUMMARY.

2. FORD REPS NICHOLAS OUROUSSOFF AND A.C. LINDGREN MET WITH  
COMATT FEB 10 TO DISCUSS PROGRESS OF COMPANY'S NEGOTIATIONS  
WITH GOE. LINDGREN, A FINANCIAL PLANNER, IS MEMBER OF 3-MAN TEAM  
(WHICH ALSO INCLUDES LAWYER AND MANUFACTURING SPECIALIST), WHICH  
HAS BEEN IN CAIRO SINCE LAST WEEKEND. VISIT BY TECHNICAL LEVEL  
GROUP OF THIS TYPE HAD PREVIOUSLY BEEN DISCUSSED BY FORD AND GOE  
(REF A) AND SPECIFIC INVITATION TO COME TO  
CAIRO FOR A MEETING ON FEB. 6 HAD BEEN

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EXTENDED BY HASSAN ABDEL FATTAH, DEPUTY CHAIRMAN  
OF GENERAL ORGANIZATION FOR INDUSTRIALIZATION (GOFI) AND  
MEMBER OF COMMITTEE ESTABLISHED BY PRIMIN (SEE REF. A)  
TO STUDY FORD PROPOSAL. (OTHER  
MEMBERS OF COMMITTEE ARE INVESTMENT AUTHORITY DEP. CHAIRMAN  
ROUSHDI, EL NASR AUTOMOBIL C. CHAIRMAN GASSARINE,  
MINECON UNDERSECRETARY SHINDI, AND A GOFI ATTORNEY.)

3. FORD REPS WERE DISAPPOINTED WITH FIRST MEETING THEY HAD WITH COMMITTEE ON FEB. 6. THERE WERE INDICATIONS, LATER CONFIRMED BY CONVERSATION, THAT ABDEL FATTAH HAD NOT NOTIFIED OTHER COMMITTEE MEMBERS OF MEETING. EGYPTIANS (POSSIBLY, OROUSSOFF SPECULATED, TO COVER THEIR OWN OBVIOUS LACK OF PREPARATION) INDICATED THEY EXPECTED FORD GROUP TO PRODUCE NEW DOCUMENTS AND MAKE ELABORATE PRESENTATION, WHILE FORD GROUP HAD UNDERSTOOD PURPOSE OF MEETING WAS TO GO OVER DETAILS OF PROPOSALS PRESENTED BY WILLIAMS ON HIS RECENT VISIT (REF A). MEETING WAS THEREFORE NOT VERY PRODUCTIVE. LINDGREN DID LEAVE SERIES OF FINANCIAL SCHEDULES AND OTHER DATA WITH EGYPTIANS, BUT HE SAID FIGURES AND OTHER DATA WITH EGYPTIANS, BUT HE SAID FIGURES ALONE WOULD NOT BE MEANINGFUL WITHOUT THE KIND OF DETAILED BACKGROUND THAT HE HAD COME TO CAIRO TO PROVIDE.

4. AFTER SOME PRODDING BY FORD, FURTHER MEETING WAS SET UP FOR FEB. 9. FORD REPS. FOUND ATMOSPHERE HAD CHANGED CONSIDERABLY FOR BETTER SINCE FIRST SESSION, AND THAT EGYPTIANS HAD DONE SOME HOMEWORK. HOWEVER, DESPITE IMPROVED CLIMATE, EGYPTIANS STILL FAILED, ACCORDING FORD REPS., TO ASK THE KIND OF DETAILED FINANCIAL AND TECHNICAL QUESTIONS THAT FORD HAD EXPECTED AND WAS PREPARED FOR. PART OF PROBLEM, COMMITTEE MEMBER ROUSHDI INDICATED, WAS THAT TECHNICAL EXPERT IN HIS OFFICE WHO HAD BEEN INVOLVED IN PROJECT WAS OUT OF COUNTRY.

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5. AT FEB. 9 MEETING, ROUSHDI PRESENTED LIST OF QUESTIONS FOR FORD (WHICH HE ADMITTED HAD NOT BEEN VERY CAREFULLY PREPARED). OROUSSOFF AND FORD TEAM WILL PREPARE RESPONSES OVER NEXT FEW DAYS AND FINAL MEETING BEFORE THEIR DEPARTURE WILL BE HELD FEB. 14. IT WAS AGREED THAT NEW MEETING BETWEEN GOE MINISTERS AND WILLIAMS/ FREDERICKS FOR FORD WOULD BE TENTATIVELY PLANNED FOR MARCH 19. EGYPTIAN GROUP WOULD STUDY MATERIAL ON HAND AND INFORM OROUSSOFF BY MARCH 1 IF THERE ARE ADDITIONAL POINTS THAT NEED CLARIFICATION OR IF THEY WISH FORD TO MAKE ANY FURTHER PREPARATIONS FOR MARCH 19 SESSION.

6. EGYPTIANS ALSO ASKED THAT FORD PREPARED DETAILED STUDY ON BROAD SOCIO-ECONOMIC BENEFITS FOR EGYPT OF THEIR INVESTMENT PROPOSAL. THE MORE BENEFICIAL, THE EASIER IT WOULD BE TO HANDLE BOYCOTT PROBLEM. ROUSHDI INDICATED THAT OTHER PROSPECTIVE INVESTORS HAD AGREED TO PREPARE SUCH A STUDY. FORD REPS. WERE SOMEWHAT RELUCTANT TO UNDERTAKE

THIS TASK IN VIEW ITS COST IN TIME AND MONEY, THEIR OWN LACK OF EXPERTISE ON MANY ASPECTS OF EGYPTIAN SCENE, AND FEARS THAT STUDY, IF PRODUCED UNDER FORD AEGIS, WOULD NOT HAVE MUCH CREDIBILITY. THEY AGREED DISCUSS MATTER WITH USAID OFFICIALS, HOWEVER. (SEE REF. C FOR REPORT OF DISCUSSION BETWEEN FORD REPS. AND AID/CAIRO DIRECTOR ON THIS SUBJECT.)

7. FORD REPS. WERE DISAPPOINTED WITH OBVIOUS LACK OF PREPARATION ON PART OF EGYPTIAN COMMITTEE. REPORT TO PRIMIN, SUPPOSED TO HAVE BEEN SUBMITTED ONE WEEK AFTER WILLIAMS VISIT IN JANUARY, HAD NEVER MATERIALIZED AND DOCUMENTS LEFT AT THAT TIME HAD NOT BEEN STUDIED. ON OTHER HAND, THERE WERE A NUMBER OF POSITIVE ASPECTS. FORD REPS. WERE PLEASE BY ASSURANCES OF CONTINUED HIGH-LEVEL EGYPTIAN INTEREST IN PROJECT. (COMMITTEE MEMBER GAZZARINE MADE THIS POINT SEVERAL TIMES AND COMMITTEE LIMITED OFFICIAL USE

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MEMBER WAGIH SHINDI WAS TOLD BY DEPPRIMIN KAISSOUNI TO POSTPONE AN OFFICIAL TRIP IN ORDER TO ATTEND FORD MEETING.) MEETINGS WERE ALSO SUBJECT OF PRESS STORY WHICH REFERRED TO FORD/GOE DISCUSSIONS OF "OFFERS, PRELIMINARY TO THE SIGNING OF CONTRACTS" FOR DIESEL ENGINE PROJECT. IN ADDITION, FORD GROUP FELT THAT VISIT WAS USEFUL IN HELPING DISPEL IDEA WHICH FORD THINKS GOE HAS HELD, THAT COMPANY IS SOMEHOW NOT BEING ENTIRELY FORTHRIGHT, HONEST, AND CANDID IN ITS APPROACH TO EGYPTIANS.

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## Message Attributes

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